

Message Text

LIMITED OFFICIAL USE

PAGE 01 NAIROB 00837 201248Z

ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-07
NSAE-00 CIEP-01 FAA-00 SS-15 NSC-05 L-03 PA-01 PRS-01
/063 W

-----201251Z 113944 /43

O 201200Z JAN 77

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC IMMEDIATE 5506

INFO AMEMBASSY DAR ES SALAAM IMMEDIATE

AMEMBASSY LONDON

AMEMBASSY VICTORIA

LIMITED OFFICIAL USE NAIROBI 0837

E.O. 11652: N/A

TAGS: EAIR, KE, TZ

SUBJECT: POSSIBLE DEATH THROES OF EAST AFRICAN AIRWAYS (EAA)

REF: NAIROBI 14229

1. SUMMARY. GOK HAS CHALLENGED EAA TO SETTLE FINANCIAL COMMITMENTS AND IMPROVE REGIONAL SERVICE BY TODAY JANUARY 20 OR SACRIFICE FURTHER KENYAN ASSISTANCE IN MAINTAINING OPERATIONS. ULTIMATUM CLIMAXES WEEK OF NAIROBI PRESS ATTACKS ON VIABILITY OF AIRLINE AND POLITICAL INTERFERENCE ON BOARD. KENYAN MOVE PROBABLY SIGNALS INTENTION TO ABANDON TRI-STATE ENTERPRISE AND PREPARE FOR NATIONAL AIRLINE. END SUMMARY.

2. AS LATEST SALVO IN FEUD OVER OPERATION OF EAST AFRICAN AIRWAYS, PERMSEC (OFFICE OF PRESIDENT) KARIITHI CABLED EAA CHAIRMAN KILEWO WITH ULTIMATUM THAT AIRLINE IMPROVE ERRATIC SERVICE AND DEBT POSITION BEFORE JANUARY 20 OR KENYA WOULD "TAKE NO FURTHER RESPONSIBILITY" FOR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NAIROB 00837 201248Z

OUTSTANDING LIABILITIES. KARIITHI CITED FOLLOWING DEFICIENCIES IN EAA OPERATIONS: IMPENDING LAPSE OF INSURANCE OF AIRCRAFT, LACK OF OPERATING CAPITAL, AND UNRELIABILITY OF AIRCRAFT DUE TO ABSENCE OF PROPER MAINTENANCE. COPIES OF MESSAGE SENT CONCURRENTLY TO UGANDAN AND TANZANIAN PRESIDENTS.

3. ACCORDING TO NAIROBI PRESS, UGANDA AND TANZANIA ARE ONCE MORE DELINQUENT ON REMITTING FUNDS TO EAA'S KENYAN HEADQUARTERS, THIS TIME FOR TOTAL OF 50 MILLION SHILLINGS (SEE COMMENT BELOW ON THESE FIGURES). DUE TO CASH FLOW DIFFICULTIES, EAA ALLEGEDLY OWES 8 MILLION SHILLINGS TO UK INSURANCE BROKERS ON TOP OF PAYMENTS TO SHELL OIL AND NATIONAL BANK OF KENYA. AN EAA DIRECTOR WAS QUOTED IN WARNING THAT EAA WOULD LOSE INSURANCE COVERAGE AND BE FORCED TO SUSPEND OPERATIONS UNDER IATA

REGULATIONS IF PREMIUMS WERE NOT PAID BY JAN. 24.

4. IN SEPARATE STATEMENT, THREE KENYAN DIRECTORS ON AIRLINE BOARD BLAMED "SEEMINGLY DELIBERATE HUMILIATION OF KENYANS AND EXPATRIATE EMPLOYEES" AS CAUSE FOR CRIPPLING ADMINISTRATION OF AIRLINE. ATTACKING "UNECONOMIC MANAGEMENT" OF EAA, DIRECTORS CLAIMED THAT AS PRINCIPAL CREDITOR COUNTRY, KENYA WAS BEING REPAID BY ERRATIC SERVICE. KENYAN CONTINGENT ALSO ACKNOWLEDGED "ACTIVITIES ELSEWHERE" AIMED AT ESTABLISHMENT OF INDEPENDENT DOMESTIC AND INTERNATIONAL AIRLINE OPERATIONS. THIS LATTER CHARGE REFERS TO RUMORS WHICH APPEARED IN KENYAN PRESS LAST AUGUST, RESURRECTED DURING CURRENT DEBATES TO EFFECT THAT TANZANIA ORDERED 9 FOKKER FRIENDSHIP PLANES AS NUCLEUS OF A NATIONAL AIRLINE.

5. KENYAN CHARGES RECEIVED SHARP REACTIONS FROM GOVERNMENTS OF TANZANIA AND UGANDA. NAIROBI NEWSPAPERS REPORTED IMMEDIATE DENIAL FROM DAR ES SALAAM THAT ANY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NAIROB 00837 201248Z

REMITTANCES WERE OVERDUE FOR HEADQUARTERS ACCOUNT AND THAT GOT HAD CONTRACTED FOR ADDITIONAL AIRCRAFT. UGANDAN PRESIDENT AMIN FIRST CONGRATULATED TANZANIA ON ITS "BOLD STEP" OF ORDERING FOKKERS THEN REQUESTED CLARIFICATION OF KENYA'S DECISION TO ABANDON RESPONSIBILITIES AS EAA PARTNER. UGANDAN MEDIA REPORTED THAT MINISTER FOR TRANSPORT AND COMMUNICATIONS REPLIED TO KARIITHI TELEGRAM (PARA 1 ABOVE) WITH RECOMMENDATION TO TAKE UP KENYAN CRITICISMS IN URGENT MEETING OF EAC FINANCE AND COMMUNICATIONS COUNCIL.

6. COMMENT. RAPID DETERIORATION OF TRI-STATE RELATIONS ON EAA BOARD LEAVES LITTLE DOUBT THAT GOK NOW OPENLY MANEUVERING TO DISSOLVE REGIONAL AIRLINES. KENYAN DIRECTORS ARE BOYCOTTING BOARD MEETINGS, CLAIMING THAT TANZANIAN AND UGANDAN COLLEAGUES GANG UP AGAINST KENYAN INTERESTS ON VIRTUALLY EVERY ISSUE INTRODUCED FOR DISCUSSION. CHANCES OF FINANCE AND COMMUNICATIONS COUNCIL EFFECTING LAST-MINUTE AGREEMENT (AS HAPPENED IN

DECEMBER CRISIS) APPEAR SLIM, ALTHOUGH SESSIONS BEGAN
JAN. 19 AND WILL CONTINUE POSSIBLY THROUGH END OF WEEK.

7. PERMSEC KARIITHI TOLD AMB JAN. 19 THAT TANZANIAN AND
UGANDAN DEBTS TO EAA HEADQUARTERS WERE CONSIDERABLY LESS
THAN NEWSPAPER ESTIMATES. UGANDA IS IN ARREARS FOR
8 MILLION SHILLINGS. SINCE IT WITHHELD 10 MILLION OF THIS
AMOUNT TO COVER CONSTRUCTION COSTS AT DAR ES SALAAM
AIRPORT, GOT CAN CLAIM THAT ACTUAL BILL IS ONLY ABOUT
2 MILLION. ACCORDING TO KARIITHI, HE HAD JUST SPOKEN
WITH UGANDAN EMISSARY, GIVING KAMPALA UNTIL JAN. 20 TO
TRANSFER ITS SHARE OF OUTSTANDING DEBTS. UGANDAN
REPLIED THAT HIS GOVERNMENT WOULD NOT BE INTIMIDATED
INTO PAYMENT. NEWSPAPERS THIS MORNING JAN. 20 EXPANDED
UGANDAN COMMENT, SAYING UGANDA WOULD PAY ONLY WHEN KENYA
ALLOWS UGANDAN ENGINEERS AND OTHER STAFF TO WORK AT NAIROBI
AIRPORT AND UGANDAN GOODS ARE ALLOWED TO PASS THROUGH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NAIROB 00837 201248Z

MOMBASA UNHAMPERED. COMMENTING ON THE FUTURE OF THE
AIRLINE, KARIITHI SAID EAA WOULD HAVE TO MAKE A SETTLE-
MENT SO KENYA CAN APPROACH CENTRAL BANK. AMB INTERPRETED
THIS TO MEAN THAT GOK AWAITING OFFICIAL DEATH REPORT
ON REGIONAL AIRLINE IN ORDER TO UNDERTAKE FINANCIAL
COMMITMENTS FOR NEW NATIONAL ENTERPRISE.

8. EMB CONTACTS WITHIN EAA FIRMLY BELIEVE GOK EAGER TO
ASSIST IN DEMISE OF AIRLINES BUT UNWILLING TO BE SINGLED
OUT AS ASSASSIN. THIS IS PARTLY IN DEFERENCE TO KENYATTA'S
LONG-STANDING SYMPATHY FOR COMMUNITY COLLABORATION.
CONVENIENT STRATEGY FOR KENYA, THEREFORE, IS TO CON-
DEMN GENERAL AIRLINE MISMANAGEMENT AND OBSTRUCTIVE
POLITICAL JEALOUSIES OF BOARD MEMBERS, WHILE ABSOLVING
ITSELF OF RESPONSIBILITY FOR ENSUING FINANCIAL FAILURE.
WHEN FLIGHTS ARE GROUNDED FOR LACK OF INSURANCE COVERAGE,
KENYA WILL HAVE OPPORTUNITY TO STEP IN TO SALVAGE
ITS DOMESTIC OPERATIONS AND TRUNCATED INTERNATIONAL
ROUTES.

DECON 1/20/78
MARSHALL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, DEBT DATA, AIRLINES, INTERGOVERNMENTAL COOPERATION, ORGANIZATION & MANAGEMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NAIROB00837
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770021-0780
Format: TEL
From: NAIROBI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770133/aaaabcp.py.tel
Line Count: 161
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 34e907d4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 NAIROBI 14229
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3548379
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE DEATH THROES OF EAST AFRICAN AIRWAYS (EAA)
TAGS: EAIR, KE, TZ, EAST AFRICAN AIRWAYS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/34e907d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009